

# Illinois Administrative Code

## TITLE 50: INSURANCE

### CHAPTER I: DEPARTMENT OF INSURANCE

#### PART 754: RULES AND RATE FILINGS

##### PART 754

##### Section

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AUTHORITY: Implementing Articles VII-A and XXVI of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 735A) and authorized by Section 401(a) of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 1013).

SOURCE: Filed September 9, 1975, effective September 30, 1975; amended at 4 Ill. Reg. 26, p. 164, effective July 1, 1980; codified at 7 Ill. Reg. 3458; amended at 13 Ill. Reg. 1542, effective January 23, 1989; amended at 14 Ill. Reg. 5793, effective April 6, 1990; amended at 15 Ill. Reg. 4458, effective March 6, 1991.

##### 754.10 Companies must file

a) All companies are subject to this filing requirement which write any of the following kinds of insurance:

- 1) Motor Vehicle as used here includes only Private Passenger Automobiles, Taxicabs, and Motorcycles;
- 2) Homeowners including Mobile Homeowners;
- 3) Dwelling Fire and Allied Lines;
- 4) Liquor Liability.

b) The following must be filed:

- 1) All Companies--All underwriting rule manuals which contain rules for applying rates or rating plans, plans for reporting statistics to statistical agencies, classifications, or other such schedules used in writing the kinds of insurance in Section 754.10 (a)(1)-(a)(4) above; and
- 2) All Companies--All rates applied to the writing of the kinds of insurance in Sections 754.10 (a)(1)-(a)(4) above.

- 3) All Advisory Organizations--All underwriting rule manuals which contain rules for applying rates or rating plans, plans for reporting statistics to statistical agencies, classifications, or other such schedules used in writing the kinds of insurance enumerated in Class 2, except paragraphs (a), (d), and (g), and Class 3 of Section 4 of the Code.
- c) Filing requirement Section 754.10 (b)(1) above can be met by:
- 1) A company making a direct filing on its own behalf or
  - 2) A company making a rule reference filing on its own behalf by utilizing its advisory organization's data relative to Section 754.10 (b)(1); or
  - 3) A company authorizing the advisory organization, of which it is a member or subscriber, to make the filing on the company's behalf.
- d) All filings required under Section 754.10 (b)(1) must be accompanied by duplicate copies of a rule submission letter which includes:
- 1) The name of the advisory organization or company making the filing.
  - 2) Identification of the rule with the manual or kind of insurance to which it applies.
  - 3) Notification as to whether the filing is new or supersedes a present filing. *Identification of all changes in all superseding filings, as well as identification of all superseded filings is required.*
  - 4) The effective date of use.
- e) Companies under the same ownership or general management are required to make separate individual filings in Section 754.10 (b)(1). Company Group filings are unacceptable.
- f) Filing requirement Section 754.10 (b)(2) can be met by:
- 1) A company making a direct filing on its own behalf; and
  - 2) A company filing a Form RF-3 (see Exhibit A attached to this Part) which provides information on changes in rate level based on the distribution of business with respect to the kinds of insurance to which the rate revision applies. If the rate filing is not a change in rate level, no RF-3 Form is required.
  - 3) A company filing Form RF-4 for private passenger automobile or Form RF-5 for homeowners insurance which provide premium comparisons based on the company's current rate levels for the specified risks.
  - 4) Forms RF-4 and RF-5 must be submitted in duplicate, as described in Exhibits A & B attached to this rule.
  - 5) Any variation in coverage or amounts of insurance should be indicated on Forms RF-4 and RF-5.
  - 6) If a specified form of coverage is not available, please indicate "Not Written."

- g) All filing required under Section 754.10 (b) (2) above must be accompanied by duplicate copies of a rate submission letter which includes:
- 1) The name of the company making the filing.
  - 2) Identification of the kinds of insurance to which the filing applies.
  - 3) Notification of whether the filing is new or supersedes a present filing. Identification of all changes in superseding filings, as well as identification of all superseded filing is required.
  - 4) The effective date of use.
- h) A company making a filing under Section 754.10 (b) (2) must maintain documentary data for rate changes in its files so that it will be available for review by the Department's Property and Casualty Evaluation Section.
- i) Companies under the same ownership or general management are required to make separate individual filings under Section 754.10 (b) (2). Company Group filings are unacceptable.
- j) A company making a rule reference filing under Section 754.10 (c) (2) must file a Form RF-1, in duplicate. (See Exhibit attached to 50 Ill Adm. Code 753 Filing Policy and Endorsement Forms). The RF-1 Form lists the kinds of business written, the corresponding advisory organization and the rules to which the reference is being made).
- k) A company making a filing under Section 754.10 (c) (2) or Section 754.10 (c) (3) which wants to vary from advisory organization rules must file:
- 1) Manual size exception pages in duplicate.
  - 2) The manual rule number, which must be the same as the rule number being replaced.
  - 3) The effective date of use.
- l) A company making a filing under Section 754.10 (c) (2) or (c) (3) above which wants an effective date different from that of the advisory organization's advisory effective date must file:
- 1) Manual size exception pages in duplicate establishing an automatic uniform delayed effective date applicable to all future advisory organization rule revisions, or
  - 2) Copies of the Advisory Organization Checking Slip, in duplicate, establishing a special effective date for a particular advisory organization rule revision.
- m) A company authorizing its advisory organization to file on the company's behalf under Section 754.10 (c) (3) must have on file a rule authorization letter, in duplicate, including:
- 1) The name of their authorized advisory organization.
  - 2) The kinds of insurance for which the filing is being made.
  - 3) Authorization clause or language.
  - 4) Effective date of authorization.

(Source: Amended at 4 Ill. Reg. 26, p. 164, effective July 1, 1980)

#### 754.20 Other company filings

- a) All companies must file a Form RF-3 for any rate level change affecting any of the kinds of business enumerated in Class 2 and Class 3 of Section 4 of Illinois Insurance Code (The Act) except:
- 1) Reinsurance;
  - 2) Ocean Marine;
  - 3) Aircraft;
  - 4) Title Insurance;
  - 5) Worker's Compensation;
  - 6) Accident and Health;
  - 7) Inland Marine risks which by general custom are not written according to manual rates or rating plans.
- b) A company must indicate whether the information in the Form RF-3 is "exact" or estimated.  
Note: (The purpose of the Form RF-3 is to provide information on changes in rate level based on the company's premium volume rating system and distribution of business, with respect to the kind of business to which the rate revision applies. The Form RF-3 is attached to the Rule. Supplies of it will not be furnished.)
- c) A company must maintain documentary data for rate level changes required by Section 754.20 (a) so that it will be available for review by the Department's Property and Casualty Evaluation Section.

(Source: Amended at 4 Ill. Reg. 26, p. 164, effective July 1, 1980)

#### 754.30 Documentation - Individual risks

- a) A company is not required to file under Section 754.10 or Section 754.20 for individual risks in this State which cannot be rated in the normal course of business rating because of special or unusual characteristics and which must be rated on the basis of underwriting judgment. This procedure does not apply to Worker's Compensation insurance.
- b) A company must maintain documentary information regarding rates determined in Section 754.30 (a) for review by the Department's Property and Casualty Evaluation Section.
- c) A company is not required to file rates on individual risks in this State where the development of the rate for the individual risk is dependent upon an inspection of improvements on real property and an application of a schedule, the elements of which include loss ratio, hazard analysis, risk analysis and classification of municipal fire defenses.
- d) A company must, however, maintain documentary information for the rates in Section 754.30 (c) by:
- 1) Maintaining the information in files and records in its offices which will be available for review by the Department's Property and Casualty Evaluation Section; or
  - 2) Authorizing an advisory organization by use of an individual risk authorization letter to maintain documentary information for all rates in Section 754.30 (c) in its files and records which will be available

- for review by the Department's Property and Casualty Evaluation Section; and
- 3) Filing duplicate copies of an individual risk authorization letter which must include:
- A) the name of their authorized advisory organization;
  - B) the kind of insurance for which the information will be maintained;
  - C) authorization clause or language; and
  - D) effective date of authorization.

#### 754.40 Submission of filings

- a) All rule and rate filings required in Sections 754.10, 754.20 and 754.30 above must be received no later than ten days after their stated effective date or the stated effective date of the rule or rate filing to which the information or authorization relates.
- b) All filings required in Sections 754.10, 754.20 and 754.30 above must be received by:  
  
Illinois Department of Insurance  
Property and Casualty Evaluation Section  
Springfield, Illinois 62767
- c) All filings required in Sections 754.10, 754.20 and 754.30 above must be accompanied by a self-addressed envelope.

(Source: Amended at 4 Ill. Reg. 26, p. 164, effective July 1, 1980)

#### 754.50 Prohibited Acts and Practices

- a) The purpose of Article XXVI of the Illinois Insurance Code, entitled "Unfair Methods of Competition and Unfair and Deceptive Acts and Practices", according to Section 421 is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945 (Regulation of Insurance 15 U.S.C.A. 1011 et seq.) by prohibiting such trade practices.
- b) Violation of the Regulations, which are made by the Director of Insurance in effecting or implementing Article XXVI and Article VII-4, or any Articles of the Illinois Insurance Code are violations of the Articles themselves and subjects the violators to the procedures and penalties provided by these Articles.
- c) Acts and practices related to activities authorized or permitted by Article VII-A and this Part 754 Rules, which are prohibited by Article XXVI of the Act as constituting unfair methods of competition or unfair and deceptive acts and practices, whether committed or practiced by a company, an advisory organization or companies constituting a group, association, or organization authorized to engage in joint underwriting or joint reinsurance activities include the following:
  - 1) Two or more companies, unless permitted or authorized by Article VII-A of the Act this Part 754 Rules or Section 478.1 of the Act, may not act in concert with each other with respect to the compilation of

insurance statistics; the preparation of insurance policies, bond forms, and underwriting rules; and the furnishing of that which it compiles and prepares to Insurance companies, nor with respect to the activities of making rates.

- 2) Two or more companies engaged in authorized joint underwriting or joint reinsurance activities, unless permitted or authorized by Article VII-A of the Act, this Part 754 Rules, or Section 478.1 of the Act, may not act in concert with each other with respect to the activities enumerated in Section 754.50 (c) (1) nor with respect to the activity of making rates.
- 3) All companies making rate level changes which require the filing of a Form RF-3 under Section 754.10 (f) (2) or 754.20 (a) are prohibited from continuing to use the new rate level if the Form RF-3 has not been submitted to the Illinois Department of Insurance within ten days after its effective date.
- 4) All companies making a rule reference filing under Section 754.10 (c) (2) are prohibited from continuing to use the rule reference after ten days from its effective date filing unless or until the Form RF-1 required by Section 754.10 (j) is submitted to the Illinois Department of Insurance.
- 5) All companies authorizing an advisory organization to make a rule filing on its behalf under Section 754.10 (c) (3) are prohibited from continuing to use the rule filings after ten days from its effective date unless or until the required rule authorization letter required by Section 754.10 (m) is submitted to the Illinois Department of Insurance.
- 6) Groups, associations, organizations of companies authorized to engage in joint underwriting and joint reinsurance activities are prohibited from establishing rules which in any way unreasonably inhibit a company from individually underwriting any risks.
- 7) All companies, advisory organizations, and groups, associations, or organizations of companies authorized to engage in joint underwriting activities are prohibited from practicing or sanctioning any plan or act of boycott or intimidation tending to result in the unreasonable restraint of trade or in a monopoly in the business of insurance.
- 8) All companies, advisory organizations, and group, association, or organization or companies authorized to engage in joint underwriting activities are prohibited from wilfully withholding information from, or knowingly give false information or misleading information to the Director or to any organization authorized by him to receive information relative to underwriting rules, rating systems or rate filings required by Article VII-A of the Act or this Part 754 rules.
- 9) All companies required by Section 754.30 (d) (2) above to file an individual risk authorization letter are prohibited from using the rate developed unless or until the individual risk authorization letter has been submitted to the Illinois Department of Insurance.

(Source: Amended at 4 Ill. Reg, 26, p. 164, effective July 1, 1980)

754.EXHIBIT A Summary Sheet (Form RF-3)

754.EXHIBIT B Automobile Annual Premium Comparison (Form RF-4)

(Source: Amended at 14 Ill. Reg. 5793, effective April 6, 1990)

754.EXHIBIT C Homeowners Annual Premium Comparison (Form RF-5)

(Source: Amended at 15 Ill. Reg. 4458, effective March 6, 1991)

## Section 754.EXHIBIT A Summary Sheet (Form RF-3)

FORM (RF-3)

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision  
effective \_\_\_\_\_

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability Private Passenger Commercial	_____	_____
2. Automobile Physical Damage Private Passenger Commercial	_____	_____
3. Liability Other Than Auto	_____	_____
4. Burglary and Theft	_____	_____
5. Glass	_____	_____
6. Fidelity	_____	_____
7. Surety	_____	_____
8. Boiler and Machinery	_____	_____
9. Fire	_____	_____
10. Extended Coverage	_____	_____
11. Inland Marine	_____	_____
12. Homeowners	_____	_____
13. Commercial Multi-Peril	_____	_____
14. Crop Hail	_____	_____
15. Other _____	_____	_____
Life of Insurance	_____	_____

Does filing only apply to certain territory (territories) or certain classes? If so, specify: \_\_\_\_\_

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): \_\_\_\_\_

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

Name of Company

FILED

Official--Title

MAR 17 1983

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Section 754. EXHIBIT B Automobile Annual Premium Comparison  
(Form RF-4)

AUTOMOBILE ANNUAL PREMIUM COMPARISON								
COVERAGE		Liability-\$20/40,000 Bodily Injury \$15,000 Property Damage \$1,000 Medical Payments \$20/40,000 Uninsured Motorists				Physical Damage-\$100 Deductible Comprehensive \$250 Deductible Collision		
CAR	Ford Taurus L 4 Door (Current Model Year)							
DRIVERS	#1--36-year-old married principal driver, no accidents or traffic violations in last five years, driving eight miles each way to and from work, 11,000 miles annually. #2--16-year-old single male, occasional operator (less than 25% usage), no accidents or traffic violations in last five years, driving eight miles each way to and from work, 11,000 miles annually. #3--20-year-old single female, principal operator (more than 50% usage), no accidents or traffic violations in last five years, driving eight miles each way to and from work, 11,000 miles annually. #4--20-year-old single male, principal operator (more than 50% usage), no accidents or traffic violations in last five years, driving eight miles each way to and from work, 11,000 miles annually.							
	Driver #1		Driver #2		Driver #3		Driver #4	
	Liability	Physical Damage	Liability	Physical Damage	Liability	Physical Damage	Liability	Physical Damage
Aurora								
Chicago*								
Chicago**								
Chicago***								
Danville								
East St. Louis								
Joliet								
Mt. Vernon								
Peoria								
Quincy								
Rockford								
Springfield								
Waukegan								
* 5200 N Western 60625 ** 2400 W Roosevelt 60608 *** 7900 S. Ashland 60620								
Effective Date	Name of Company							
	FEIN Number							

RF-4

(Source: Amended at 14 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_) AMENDED

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Section 754. Exhibit C  
Homeowners' Annual Premium Comparison (Form RF-5)

<b>Coverage</b>	HO-2 & 3—One-Family Dwelling, 20 years old \$250 Deductible \$100,000 Personal Liability \$1,000 Medical Payments					
<b>Construction</b>	Frame					
<b>Forms</b>	HO-2		HO-3		HO-4	
<b>Limits</b>	\$70,000	\$120,000	\$70,000	\$120,000	\$30,000	\$60,000
Aurora						
Chicago*						
Chicago**						
Chicago***						
Danville						
East St. Louis						
Joliet						
Mt. Vernon						
Peoria						
Quincy						
Rockford						
Springfield						
Waukegan						
* 5200 N. Western 60625 ** 2400 W. Roosevelt 60608 *** 7900 S. Ashland 60620						
<b>Effective Date</b>	<b>Name of Company</b>					
	<b>FEIN Number</b>					

AMENDED

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[illegible]

(Source: Amended at 15 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

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MAR 06 1991

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